

Expect big allocations for rural sector

■ ARUNAGIRI N

Given the messy state of affairs in banking, this year's Budget is crucial for a turnaround in investment demand. Most budgets tend to fall short with less to offer on bold reforms. This Budget will be no exception on that count. A few points on where the Budget could focus this year:



■ Engineering a turnaround in Investment cycle is likely to be a key focus as well as a challenge in this budget. Of the two engines that drive investment cycle i.e. private investment and public investment, private investment cycle is under severe slump as it suffers from gross under-utilisation and stressed corporate balance sheets.

■ While one expects accelerated allocations to public spending like road, railways, constructions and rural infrastructure,

this in itself, is unlikely to completely offset the slump in private investment demand.

■ The Budget has a huge opportunity to unleash some bold initiatives on the banking space so as to turn on the new loan cycle which is crucial for turning private capex cycle.

■ Rural recovery is likely to be a key theme in this budget. Heightened allocations to agricultural sector and other rural schemes will be one of highlights. This coupled with increased alloca-

tions to road, construction, rural infrastructure can turn the rural

wage growth cycle on.

■ On indirect taxes, govt will attempt to move towards GST rates. Service tax rate could be raised to 16% from the current 14%. On the personal tax front, the usual reduction of rates and slab hike, may be on cards for stimulating urban consumption further.

BUDGET
2016

*The writer is the
Founder CEO, TrustLine
Holdings Pvt Ltd*